DECEMBER 28, 1964

BANNER YEAR FOR JAPAN

FOREIGN MARKET FOR OILSEEDS AND PRODUCTS

KENYA'S NEW ECONOMIC PLAN

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Field of pyrethrum ready for harvest, Kenya. That country is major producer of pyrethrum, important base for insecticides. (Future plans for this and other crops are outlined on p. 10.)

Contents

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1964 A Banner Year for the Japanese Economy

This year may well prove to have been another record one for Japan's industry and trade; and agriculture shares in the total prosperity.

By James C. Frink
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Japan's farmers may be viewing their country's continued industrial boom—now more than a decade old—with rather mixed feelings. It means somewhat higher production cost and more difficulty in keeping workers on the farm; yet it also means a steady rise in consumer incomes and in food sales. In these bigger sales, U.S. farmers have a share too. In 1964, as in many years since 1952, Japan has been our No. 1 customer for farm products—food, feed, and fiber.

Since 1958, Japan's industrial output has doubled, and during the first half of calendar 1964, the country set new records for industrial output, exports, imports, wages, employment, and consumer expenditures. Indications are that when all reports are in, 1964 output will be 10 percent above that of 1963, and Japan's industry will have chalked up another record.

The ability of the Japanese economy to sustain a high annual average rate of gain in most of its important sectors for so long is the envy of most other highly industrialized nations. The outlook for the near future appears favorable also, although there is currently a slight slowing in the rate of expansion because of "tightening" policies that have been imposed by the government.

Boom causes difficulties for agriculture

This continued upward trend for Japan's economy has caused agriculture some problems; labor shortage is one of the most crucial. The overall labor scarcity in Japan is becoming more acute; and, besides hastening changes in traditional labor practices and patterns, it is helping organized labor to obtain more attractive wage rates. Wage increases in the spring of 1964 averaged 11 percent for all of private industry. Naturally, these higher wages attract farm workers to industry. In 1963, farm-to-city migration amounted to 935,000, of whom 47 percent left the farms altogether and 53 percent are commuting to their industrial jobs. The result of this labor drain is that planted area—especially for winter crops in the two-crops-per-year rotation—has been gradually reduced.

Another problem farmers in Japan's booming economy must face is higher costs of production. Japan's Ministry of Food estimates that 1964 farm production costs are about the same as last year's or slightly higher. Fertilizer and farm machinery prices are practically unchanged; slight increases in costs of feed, clothing, and building materials are at least partly offset by lower costs for domestic animals and agricultural chemicals.

These costs must of course be measured against the value of farm production. Total value in the Japanese fiscal year 1963 (April 1963-March 1964) was 2,471.3 billion yen, or nearly $7 billion—up almost 7 percent because of higher prices, though production volume was cut by the poor 1963 harvests of winter crops.

Costs of production as a percentage of value rose slightly in JFY 1963—continuing the trend of recent years—to 38.3 percent of total value. These rises reflect increased wages, more investment in machinery and other capital outlays, and general increases in other costs.

Agriculture also profits

For JFY 1964, an increase in both the volume and the value of agricultural production is expected. Value should be about 12 percent higher than in 1963—an increase second only to the record one for JFY 1962. Mostly responsible will be higher prices for rice, tobacco, wheat, and barley plus bigger production of wheat, barley, livestock products, and some industrial crops. Even with an expected further increase in production costs to about 40 percent of the value of production, net farm income will be 11 percent above 1963.

In one especially important respect, the boom is a boon for agriculture. The growth of consumer expenditures, which for 1964 have been estimated at 12 percent above those of a year ago, means more money spent for food. Highly significant is the fact that the rates of increase in Japan's low-income groups are about double those in high-income groups. Expenditures for food are expected to rise about 8 percent—not quite such a steep increase as 1963's 11 percent, but meaningful both for Japan's own agriculture and for its agricultural imports.

Cereal production, imports both up

Japan's production of *rice* continues at high levels, despite cold weather in Hokkaido, a typhoon in southern and central Japan in September, and unseasonable rains, which dimmed prospects for a record crop. Nonetheless, rice is becoming a smaller item in total agricultural production. In 1963, it accounted for slightly less than 40 percent of total agricultural income, compared with about 50 percent in the mid-1950's.

With a 1964 rice crop somewhat smaller than had been anticipated, Japanese imports—particularly of short-grain rice—will be larger. Sources mentioned so far are South Korea, Taiwan, and the United States, with some imports possible also from Spain.

Although the 1964 *wheat* crop is up sharply from the poor crop of 1963, the difference is all in improved yields,

for area was down by 13 percent. Relatively unfavorable weather during growing and harvesting seasons in recent years—especially in 1963—and the tightening of the labor supply throughout Japan are discouraging the production of wheat.

Wheat imports in JFY 1965 may be somewhat lower than the 3,540,000 tons of JFY 1964, owing to the better yields from this year's crop. However, a relatively high level of imports will be encouraged by the annual increase in consumption that has been underway for some time and by the need to build back reserve stocks.

The 1964 *barley* crop is about 58 percent above that of 1963. Nonetheless, the long-term trend in production is downward. Most of this decline is due to improved opportunities for off-farm winter employment and to the relatively unfavorable government support price.

The outlook is favorable for barley imports to supply part of the requirements of polished barley for food and part of the needs of the brewing industry. Some feed barley may be imported too, depending on price.

Japanese production of other grains is very small, supplying less than 5 percent of total use. Consumption of these grains—mainly imported corn and grain sorghums—is expected to increase about 1 million tons for 1964, and imports to rise accordingly. Grain sorghum imports may total almost a million tons—up 250,000 from 1963—and corn, about 3 million, for a gain of 360,000. This continued upward trend in imports reflects the rapidly rising use of mixed feeds, mainly for poultry.

Soybean output down, imports up

Domestic production of soybeans continues to decline. This year's lower output was due to a 10-percent decrease in area planted and to adverse weather during the growing season in Hokkaido and other soybean regions. But the frequency of bad weather and of damage from disease and insects has been discouraging production in recent years. The government's deficit payment program has not been enough to offset these detriments. At the same time, total nonfarm soybean use is increasing at 5 to 6 percent a year and now amounts to a little over 1.8 million tons a year. Direct use in food—for the production of miso, tofu (bean curd), shoyu, and similar products—is rising about 1 percent a year; in 1964 it has been close to 600,000 tons. The oil-crushing industry accounts for most of the balance, using 8 to 10 percent more each year—in 1964, nearly 1.3 million tons, yielding about 960,000 tons of meal and 225,000 tons of oil.

Of the meal produced, most is used in animal feed; but about 3 percent more each year is used in the food industry—in 1964, some 330,000 tons. The oil is helping to increase Japanese consumption of fats, which the Ministry of Food estimates is rising by 11 percent a year.

Given the special emphasis placed by the government on improving diets, the outlook for soybean imports is favorable. Total imports in 1964 are estimated at 1,655,000 tons, an increase of 7.2 percent over 1963. The amount supplied by Communist China is estimated at 270,000 tons, with the United States the source of the rest.

Livestock industry shares in boom

The Japanese meat industry continues to expand, with strong government encouragement. Beef production in 1964 is estimated at 205,000 tons, an increase of 10 percent. Hog numbers as of August 1964 were up 16 percent to 4.1 million, and pork production up 20 percent to 280,000 tons, though rising feed costs are slowing the increase.

Meanwhile, increased income has been pushing up the per capita consumption of most red meats. Japan this year supplemented its domestic meat supplies by sharply increasing imports, which have included pork from the United States and South Korea.

Poultry and products in demand

Total poultry numbers continue to increase, having reached 120.7 million in February 1964—10 percent of them broilers and the rest layers. Poultry meat comes largely from dual-purpose birds. Much of the poultry industry's expansion is attributed to the use of U.S. broiler-raising techniques, the availability of U.S. breeding stock (at present practically all imports are layers), and the comparative advantage of poultry production.

Japan's 1963 poultry meat production was 142,000 tons —50 percent more than the year before; and 1964 production may be up another 27 to 30 percent. Consumption in 1963, at 1.2 kilograms per capita, was three times the size of that in 1960. With demand expected to be considerably stronger in 1964, imports were forecast at over 6,000 tons, nearly twice as high as in 1963—and most of this meat came from the United States.

Egg production is rising too; from 851,000 tons in 1963, it has gone up 10 percent to 936,000 tons in 1964. The price of eggs has fallen to about half normal and is now its lowest in 10 years, greatly encouraging consumption. This price decline has come about from the rapid increase in large-scale and efficient egg-producing farms, using layer-type chicks imported from the United States. However, average flock size is still less than 30 birds, scattered on about 3.7 million farms.

Cotton, tobacco, hides needed

Imports of raw cotton, forecast at 720,000 tons for 1964, are up slightly from those of 1963, in response to a continued fairly high level of yarn and cloth prices and to larger domestic sales. Imports from the United States for 1964 are probably about the same as the 228,000 tons for 1963. An Export-Import Bank loan of $75 million—up $15 million from the 1963 loan—has been helping maintain these imports. Japan's exports of textiles in 1964 are probably somewhat below the 1963 level.

In 1964, Japan's domestic production of leaf tobacco, its imports of unmanufactured leaf, and its output and consumption of tobacco products are all at record levels. To help meet the increasing demand for leaf tobacco, the Japan Monopoly Corporation early this year allocated more acreage to farmers for the three major tobacco types grown in Japan: flue-cured, burley, and native leaf. It also increased prices. This encouragement, plus unusually good weather in growing and harvesting seasons, has brought the highest production on record for each type.

Imports for 1964 are estimated at 24,000 tons—considerably more than the industry is using, and probably destined for building stocks of imported leaf.

Consumption of hides and skins continues to expand with the fast-growing leather industry. Domestic production covers only 20 percent of the total need despite an increase in 1964. Imports for 1964, with the United States and Australia as sources, are expected to total 172,000 tons, or 12 percent more than the year before.

The Foreign Market for OILSEEDS and OILSEED PRODUCTS

The marketing year that ended this past October was the second consecutive year in which oilseed and oilseed-product exports returned more dollars to the United States than any other group of agricultural products. Dollar sales of this commodity group were valued at $768 million, and with exports under government programs included, its total export value reached $852 million.

For 1964-65, these exports are expected to reach new highs, involving record export movements of soybeans, soybean oil and meal, and cottonseed oil. Total export value is expected to approach the $1 billion mark.

World production patterns

Our expanded foreign marketings of oilseeds and products in 1965 will take place against the background of a total world fats and oils production forecast at 35 million short tons, only slightly larger than the estimated outturn of 1964 but almost one-fifth above the 1955-59 average. Most of the increase from 1964 is expected to be in the edible oils, and the United States, as in the last decade, will account for over one-fourth of the total output.

Highlighting the entire 1965 production pattern will be the decline of one-third expected in the Mediterranean Basin's olive oil production—mostly in Spain, Italy, Greece, and Portugal. Of notable significance also, however, will be the expected increases in the production of soybean and cottonseed oils in the United States, of peanuts in Nigeria, Senegal, and Mainland China, and of rapeseed in Canada.

World production of the palm oils in 1965 may be slightly larger than this year's outturn. Coconut oil output in the Philippines during the first half of 1965 will very likely rise from the low level of the corresponding period of 1964 because of more adequate rainfall and expansion in the number of productive trees.

World animal fat production is expected to approximate the record output of 1964, with a possible increase in tallow and greases virtually offset by a decline in butter. Marine oil production likely will be somewhat smaller than in 1964, with whale and sperm oils down for the fifth successive year, but fish oil up sharply.

U.S. soybean exports bidding for a record

U.S. soybean exports thus far in the 1964-65 marketing year are moving at a rate that could bring their total to 200 million bushels, compared with 191 million bushels a year earlier. In October-November of the current year, U.S. inspections of soybeans for export totaled 51 million bushels, an increase of 11 million from the same period of 1963.

All that holds back an even larger export movement of our soybeans is the closely balanced U.S. soybean supply and demand situation. The 1964 soybean crop of 702 million bushels was the same size as the 1963 crop, when farmers averaged $2.54 a bushel, well above the support price of $2.25. Farmers are expected to receive an even higher average price for the 1964 crop, primarily because of higher oil prices and a greater demand for meal, which is priced lower than it was the previous year. With this combination of strong export demand and heavy home marketings, U.S. stocks of soybeans next September 30 will be negligible.

The countries of Western Europe, Japan, Canada, and Israel will continue to be the major foreign markets for U.S. soybeans. In 1963-64, these countries accounted for nearly 95 percent of our soybean exports. U.S. soybeans are greatly desired by these economically advanced dollar markets for use as meal in animal feeds, and as edible oil in food products such as liquid cooking and salad oils, margarine, and shortening.

Japan will remain the largest foreign market for U.S. soybeans in 1964-65, taking about 48 million bushels. Although Japan's use for soybeans and their products is expanding rapidly, much of this increased need has been met since 1961 by soybean imports from Communist China. Japan prefers the higher quality and oil content of U.S. soybeans for crushing, while Chinese soybeans, which generally sell for a lower price, are preferred as whole soybeans for certain limited food uses.

Soybean exports by Communist China may be slightly larger in 1964-65. Both its acreage and its yields of soybeans were thought to have increased in 1964, and if so, it may encourage larger exports of soybeans to help pay for its substantial imports of wheat.

U.S. vegetable oils to have a peak export year

Larger U.S. exports of soybean and cottonseed oils are expected in 1964-65, both as dollar sales and under government programs. Highlighting dollar sales of oil is the return of Spain to the U.S. market after a year's absence. Spain had a very small 1964 olive crop, and it made sizable purchases of U.S. vegetable oil in the October-December period of 1964. Smaller olive crops in Tunisia, Italy, Portugal, and Greece also favor larger U.S. vegetable oil exports to the Mediterranean area. Other additions to the U.S. vegetable oil export market in 1964-65 will include a Public Law 480 foreign currency program with India. This country is a major producer of peanuts and other oilseeds, but edible oil consumption per person is quite low.

Considerable U.S. vegetable oil will be exported in the 1964-65 marketing year as barter transactions. Initiated in mid-1964, the exportation of vegetable oil under barter replaces the payment of dollars to foreign suppliers for the provision of goods and services to U.S. overseas installations, and thus improves our overall balance of payments. And with butterfat in short supply for Food for Peace donation programs, exports of vegetable oils under these programs will increase sharply in 1964-65.

The recent extension and revision of P.L. 480 may influence Title I (foreign currency) vegetable oil sales in 1964-65. The new legislation, effective January 1, 1965,

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provides that the foreign country pay in dollars the freight cost of shipping their purchases via U.S. ships (50 percent must be so shipped). The United States will finance only that amount of the U.S. flag rate that exceeds the foreign flag rate. Before this change, the foreign country paid the required 50-percent freight on U.S. ships with its own currency. The new freight provisions may make things more difficult for Title I recipients who, by their very nature as being Title I markets, have limited foreign exchange holdings.

U.S. vegetable oil prices in 1964-65 will be sharply higher than a year earlier. A sizable reduction in U.S. vegetable oil stocks occurred during the past year and a further reduction in stocks is expected in 1964-65 because of larger exports and a continued expansion in domestic disappearance. As world production of edible fats and oils is expected to increase only slightly in face of an expanding world demand, most edible fats and oils will be higher in price.

U.S. EXPORTS OF SOYBEANS, OILCAKES AND MEALS, AND VEGETABLE OILS, MARKETING YEAR BEGINNING OCTOBER 1

Country of destination	Soybeans		Oilcake and meal		Vegetable oils	
	1962	1963	1962	1963	1962	1963
	Mil. bu.	*Mil. bu.*	*1,000 short tons*	*1,000 short tons*	*Mil. lb.*	*Mil. lb.*
Western Europe:						
Belgium-Luxem.	5	6	103	132	([2])	6
Denmark	12	9	133	123	([2])	([2])
France	3	4	220	255	([2])	([2])
Germany, West	23	29	126	170	([5])	141
Italy	12	12	124	74	([2])	([2])
Netherlands	21	23	242	189	41	110
Others	11	11	302	235	341	64
Total	87	94	1,250	1,178	433	321
Eastern Europe:						
Poland	---	1	---	3	---	135
Yugoslavia	---	---	40	78	65	113
Others	1	2	9	46	---	3
Total	1	3	49	127	65	251
Canada	27	32	267	212	57	63
Latin America:						
Chile	---	---	---	---	34	18
Colombia	---	---	([3])	---	7	29
Mexico	---	([4])	8	27	1	2
Peru	---	---	---	---	([2])	27
Venezuela	1	1	13	11	21	27
Others	---	---	10	12	20	75
Total	1	1	31	50	83	178
Africa:						
Algeria	---	---	---	---	29	10
Egypt	---	---	---	---	67	98
Morocco	([4])	1	---	---	92	53
Tunisia	---	---	---	---	56	45
Others	([4])	---	---	---	11	5
Total	1	1	---	---	255	211
Asia and Oceania:						
Hong Kong	([4])	([4])	1	---	36	49
Iran	---	---	---	---	69	103
Israel	6	9	---	---	66	22
Japan	49	45	8	15	14	21
Pakistan	---	---	---	---	207	150
Turkey	---	---	---	---	135	151
Others	8	6	19	21	27	116
Total	63	60	28	36	554	612
Total countries	180	191	1,625	1,603	1,447	1,636
Donations	---	---	---	---	107	50
Grand total	180	191	1,625	1,603	1,554	1,686

[1] Forecast for 1964: Soybeans, total exports 200 mil. bu., of which 101 million to Western Europe; oilcake and meal, 1.8 million short tons, of which 1,275,000 to Western Europe; vegetable oils, 2 billion pounds, of which 480 million to Western Europe and 720 million to Asia and Oceania. [2] Less than 500,000 pounds. [3] Less than 500 short tons. [4] Less than 500,000 bushels.

Oilseed meal from U.S. also a hit overseas

U.S. exports of oilseed meals—mostly soybean meal—are forecast at 1.8 million short tons for 1964-65, about 12 percent larger than a year ago. Backing up this estimate are these facts: meal prices should average somewhat lower; increased pig and broiler numbers in Western Europe will require larger imports of mixed feed ingredients; and Europe's below-average fodder crops will also increase its mixed feed requirements for dairy and beef cattle.

In Eastern Europe also, U.S. sales of soybean meal, all for dollars, are expanding rapidly. Our meal exports there will probably approach 200,000 tons in 1964-65 compared to no exports just 2 years ago. Yugoslavia, Hungary, and other countries of this area have a substantial need for protein supplements to feed their livestock. These countries, exporters of livsetock products to Western Europe, are becoming increasingly aware of the feeding value of soybean meal. U.S. exports of meal are also increasing rapidly to West European countries such as France and Spain, where rising consumer incomes accompanied by a greater demand for livestock products have favored meal imports. However, new soybean processing plants in Spain will in future years be likely to curtail that country's meal imports. U.S. exports of meal to France increased from 20,000 tons in 1960-61 to 247,000 tons in 1963-64, but France obtains most of its oilseeds and vegetable oils from West African territories now associated with the Common Market, and restricts oilseed and vegetable oils from other sources to only the portion of its import requirements that cannot be met by its former territories.

Impact of market development

The cooperative market development programs of the U.S. Government and oilseed industry organizations will continue to assist exports of oilseeds and products in 1964-65. Special market development activities will be carried out in those areas with the greatest market potential, and activities in established cash markets will continue.

The new streamlined market development operations will increase consumption through consumer education and promotion campaigns as well as technical assistance. These activities will be stressed particularly in Colombia, Peru, Spain, Egypt, Morocco, Iran, India, Pakistan, and Turkey, where per capita consumption is now very low. Technical assistance, applied at the "shirt-sleeve" level, will be aimed toward improving methods of processing, packaging, handling, and storage, to reduce marketing costs. This will promote larger volume purchases and thus increase consumption.

One important assistance that can be rendered by our programs for marketing vegetable fats and oils is in the setting up of controls for standards of quality. In many countries, this may result in the marketing of high-quality branded soybean oil at the consumer level for the first time. This year, liquid oils for cooking and salads and hydrogenated (hardened) products such as shortening, margarine, and vanaspati containing high percentages of U.S. vegetable oils will be backed by improved promotion programs that will show consumers both the availability and the nutritional benefits of these quality products.

(Continued on page 16)

What EEC Preferences Could Mean to Our Farm Trade

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Barriers to trade exist in all countries. Trading countries, working principally through the General Agreement on Tariffs and Trade (GATT), have sought for many years to reduce these barriers and have been quite successful. In recent years, however, regional economic integration has given barriers to U.S. trade considerably more meaning. One feature of this integration effort which has not, in my judgment, received enough attention is the implication of EEC association and trade agreements.

Since the Rome Treaty was signed in 1957 establishing the European Economic Community, the Community has received requests from at least 38 countries in Europe, Asia, and Africa—not counting overseas dependencies—for discussions leading to membership or association with the Community, or for some other bilateral arrangement for the improvement of their trade and other economic relationships.

A number of agreements have been concluded, with vastly different implications for U.S. trade. A review of these agreements will readily reveal that the spread of such agreements raises major questions of trade policy and will have an impact on our trade.

Agreements vary with country

To date, agreements are in force, or have been initiated, with Greece, Turkey, the 18 African signatories to the "AOC" Convention, Israel, and Iran. The latter two are nondiscriminatory trade agreements. The agreement with Greece is the only one that has been in force more than a few months, and it has been operative only since November 1962.

The Greek agreement provides for association with the EEC, including the elimination of tariffs and trade barriers between the Common Market and Greece, "harmonization" of Greek agricultural policy with the EEC's common agricultural policy, and alinement by Greece of its tariff with the EEC common external tariff.

The agreement with Turkey establishes a preparatory period in anticipation of possible association; during the preparatory period, the EEC will admit some key Turkish products into the Community on a preferential basis.

In Africa, an elaborate association mechanism was established to permit France, Belgium, and Italy to continue trade preferences to their former colonies and, if possible, permit these preferences to replace colonial subsidies.

A similar policy is under study with respect to Algeria, Tunisia, and Morocco. Furthermore, other African countries have been eyeing these arrangements with the suspicion that they may now be somehow left out in the cold; Nigeria and the former British East African countries have asked for some special arrangement to protect them against the eventuality.

Association often ruled out

In a number of instances, the Community has felt that "association" was not appropriate. The European countries' association is regarded as a step toward membership, and membership is not envisaged except for European states whose economy and form of government are compatible with the current EEC members. Association by Spain, therefore, was ruled out on political grounds. Less developed countries to which the EEC has no hold-over colonial commitments have generally been offered nondiscriminatory trade concessions. For these reasons, most-favored-nation trade agreements have been signed with Israel and Iran and are being studied for Spain, Lebanon, and India.

Since the United Kingdom's bid for membership fell through, the EFTA (European Free Trade Association) countries have generally put off further thought of admission or association for the time being. Austria, however, is now pressing its case, and the Community has indicated its willingness to negotiate. The Community does not wish to set a precedent with Austria, because Austrian association will require special institutional concessions to circumvent the latter's neutrality commitments. If successful, Austria will constitute a precedent nevertheless, in that hope of early accession will be raised among other EFTA members. For these reasons, it is possible that Austria, too, could wind up negotiations with little more than a most-favored-nation trade agreement.

Effect on U.S. commodities

Most-favored-nation agreements are of course distinctly to be preferred by the United States, which would suffer major discrimination against virtually all of its dutiable agricultural exports to the EEC if all present applicants for association should obtain the preferences they have requested. Leaving EFTA countries aside, the same situation would prevail for most agricultural exports other than cereals, dairy products, and meat.

At present our concerns are concentrated on tobacco and raisins from Greece and Turkey and vegetable oils from Africa and dependent territories. Citrus fruits and juices and dried pulses will become very important concerns if North African preferences are expanded. It is significant that the North African countries in particular, and Nigeria and East Africa to a lesser degree, are unhappy at the prospect of exchanging some of their newly won sovereignty for trade preferences granted under conditions imposed by an association council dominated by the EEC. These countries may well be subject to persuasion that their needs can be met through most-favored-nation agreements.

The EEC, for its part, is not anxious to extend its aid obligations, which appear to be part of the package in any further association agreements of the African type.

Discrimination on duty-free items

While the foregoing has been directed at discrimination by the EEC through tariff preferences, it is important to note that association agreements can also provide for discrimination on duty-free items and discrimination by the associated countries in favor of EEC products.

Discrimination on duty-free items may be provided for

under association agreements through preferential quotas, export subsidies, or preferential government purchasing. Oilseeds are a likely candidate for such treatment. Discrimination of a sort also exists in the fact that most of the African associates of the Community are members of the franc zone; they can buy from France without using hard exchange resources.

Reciprocal preferences by associated countries for EEC products have been limited so far, and are likely to be of more importance for industrial than agricultural products.

Nevertheless, our dollar markets, especially in Africa, while individually pretty small, have been growing, and we should not like to see this growth interrupted by preferences toward the EEC.

Finally, it should be noted that a secondary effect of the establishment of preferential trade in the EEC is the diversion of other trade to nondiscriminatory markets, primarily the United States. This diversion effect could take the form of increased shipments to the United States of tropical products, with renewed demands for commodity stabilization agreements or development assistance. This problem can be overstated. It is well known of course that factors of quality as well as consumer preferences are as important as price for a number of tropical products moving in world trade.

In summary, closer attention to the EEC's association policy is called for. It is difficult to find grounds for protesting many association agreements since the trade effects of an individual case are often small. Collectively, however, the extension of preferences by the EEC can have a very considerable effect upon U.S. trade. It would be appropriate in many cases for the United States to encourage those tendencies which favor the use of most-favored-nations agreements rather than preferential associations.

Prospects Improved for U.S. Farm Exports to Austria

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The outlook for the United States' increasing its foreign exchange earnings in the Austrian farm market has brightened somewhat, owing mainly to major changes in U.S. and Austrian policies governing the marketing of the biggest U.S. moneyearners there—grains and cotton. Both of these U.S. commodities dominate their respective Austrian markets, even though up until now the United States has accounted for only about 9 percent of total Austrian agricultural imports.

Grain exports may rise

For coarse grains, the position of the United States has been strengthened by Austria's virtual cessation of granting Bloc countries import preferences, such as specifying in its public tenders payment in "Eastern Clearing Currency." The only remaining feature favoring the Soviet Union is a "5 percent" clause on barley tenders. This clause means that contracts will go to the Soviet Union even if its prices are up to 5 percent higher than the lowest non-Soviet bid.

As in the past, the United States in crop year 1963-64 was the biggest exporter of coarse grains to Austria, accounting for 35 percent of total Austrian imports (528,000 metric tons). The second largest supplier was Rumania, which supplied 30 percent, and the third was France—a newcomer to the Austrian coarse grain market—with 15 percent of Austria's total imports.

The overall sales potential for imported coarse grains in Austria is expected to rise gradually; this is in line with increased needs of the expanding Austrian livestock industry.

A bigger market is also indicated for U.S. wheat, owing to new U.S. legislation aimed at improving the quality of the country's export wheat. Previously Austrian wheat tenders more often than not excluded the United States as an eligible source of supply because of the high percentage of foreign matter in its wheat; the main exporter of this commodity in the past has been Canada.

Austrian import requirements for wheat have declined over the years, however, as a result of expanded domestic production of high-protein and durum wheat. Official plans for 1964-65 call for imports of 23,000 and 11,000 metric tons, respectively, of these two types.

U.S. share of cotton, tobacco markets rise

After declining for 3 successive years, the U.S. share of the Austrian cotton market turned upward in the 1964 cotton marketing year (ended in July), climbing to 35 percent from 29 percent in 1963. More competitive pricing of U.S. cotton encouraged this turnabout. It is expected that the downswing in U.S. cotton prices, together with a recently approved Export-Import Bank loan of $2 million, will make for even larger imports in the future, as there are indications that mill operators are about to replenish stocks of U.S. cotton, after having let them fall to precariously low levels in 1963.

An expansion in total imports of raw cotton for processing in Austria is not in sight, though, because of a growing demand for imported goods.

A continued rise in production and consumption of cigarettes and cigars has pushed Austrian import requirements of tobacco up from year to year. The United States has been able to capitalize on this growing demand through a U.S.-Austrian program promoting the consumption of Austrian cigarettes containing a high proportion of U.S. leaf. This country's share of Austria's 11,000-metric-ton import of leaf in 1963, at 18 percent, was about 75 percent above its 1961 share.

According to conservative estimates, U.S. tobacco exports could eventually account for about one-third of Austria's annual import requirements. However, this estimate applies only to periods when U.S. tobacco sells at competitive prices—lower than, for example, those of 1962-63. In that year, the Austrian Tobacco Monopoly—which is not allowed to adjust retail prices on tobacco products in line with increases in procurement costs—paid on the average (c.i.f. Austrian border station) 74.06 cents

per pound for leaf from the United States compared with an average of 45.76 cents per pound for that from all other suppliers.

During 1961 through 1963 the United States shipped about $2 million worth annually of fruits and vegetables to Austria—a trade which is also expected to expand in future years.

Expansion potential in fruits

Lemons and canned fruits are the major U.S. fruit exports to this area, the United States being a leading supplier of each. U.S. citrus fruits other than California lemons, however, have not fared so well, with Italy, Spain, and Israel dominating the remaining citrus market.

Austria also imports varying quantities of fresh apples and pears, depending on its own production. The United States thus far has been unable to gain more than a nominal share of the local market, presumably because of Austria's traditional trade ties with European exporting countries, as well as Europe's generally lower prices. Dried fruit, mostly raisins and prunes, are supplied mainly by Greece and Yugoslavia respectively.

Future uncertain for fats, oils, and meats

While its imports of edible animal fats are negligible and those of inedible tallow, at best, small, Austria has become an important market for vegetable and marine oils. Overall imports of these latter items reached a level of almost $20 million per annum in recent years.

From 1961 through 1963, the U.S. share of this total was a small 5 percent; however, part of the oil bought from West European countries stems from oilbearing materials crushed in Europe.

Austrian consumption of vegetable oils is continuing to increase. Since no form of government control or trade discrimination is practiced in this area, the relative size of future U.S. exports of vegetable oils to Austria will depend primarily on price and quality.

The sales potential for U.S. meats in Austria is relatively small.

Although higher than in any preceding year, Austrian imports of meat items from the United States in 1963 were not quite 2,000 metric tons, valued at about $1.3 million. The most important item Austria bought from the United States that year was frozen broilers and fryers, followed by stewing hens and turkeys. There has been a trend toward increased poultry consumption in Austria, especially since early 1964 when prices of beef and veal began rising. Hoping to capture a larger share of this poultry market—now dominated by Denmark, the Netherlands, and Hungary—the United States has begun more aggressive promotional activities in Austria.

Trade policies and veterinary requirements stand in the way of U.S. red meat exports to Austria. Supplementary imports of pork, cutter and canned beef, and variety meats are made principally from Eastern Europe.

Austria is an exporter of beef cattle, the main destinations being Italy and West Germany. Prospects are for sharply reduced exports, since substantial price boosts in domestic beef and veal markets have caused the government to tighten controls.

Spanish Government Takes Steps To Curb Mounting Inflation

The Delegated Committee for Economic Affairs of the Spanish Council of Ministers has announced sweeping measures to be taken to curb inflation. Important among these are tariff reductions on imports of foodstuffs. They are as follows:

- An across-the-board, 5-percent reduction of the entire Customs Tariff Schedule.
- Liberalization of certain commodities whose prices have risen and which are currently included in different trading systems.
- Increases in global import quotas affecting a series of commodities that have experienced price increases (3-percent or more) and for which liberalization is not at this time convenient.
- Study of the possibility of sharper tariff reductions, or temporary suspension of duties, on products currently included in the liberalized trade list and whose prices have risen materially in the past year.
- A special import program for foodstuffs during the next 3 months—a time of year when market disruptions are likely. This will involve guaranteeing markct supplies during the Christmas season.

The new policy will result in a marked decrease in the price margin separating most domestic agricultural commodities and imported items. Spain is apparently attempting to make its agricultural and food industry more competitive in the world market.

The overall effect of the new measure will be a slight decline in total charges against most imported agricultural goods. Reductions will be academic for the commodities under State Trading, as they usually do not have duties applied to them and their wholesale prices are generally controlled. Tariffs on items not under State Trading, however, have been reduced significantly. Those of major interest to the United States include baby chicks, hides and skins, tallow, pineapples, soybeans, soybean meal, dry beans, baby food fruits, and sausage casings.

Prompting the country's change in import policy is the sharp rise in its cost-of-living index—to 140.2 (1958=100) in September 1964 from an average of 127.9 in 1963 and 117.6 in 1962—as well as a similar hike in the food-price index. The length of time the reductions are applied will probably depend on the country's effectiveness in controlling inflation.

Change in domestic market

The government is not only interested in dropping food prices temporarily but also wants to change the domestic market structure on a permanent basis. It intends to break distribution monopolies by increasing the participation of more wholesalers and brokers. It will allow temporary space to cooperatives to engage in the retail of food products and will also expand and modernize its market news service to help buyers and sellers participate more actively in the market place. —Douglas M. Crawford

U.S. Agricultural Attaché, Madrid

Kenya's New Economic Plan Allots $76 Million to Agriculture

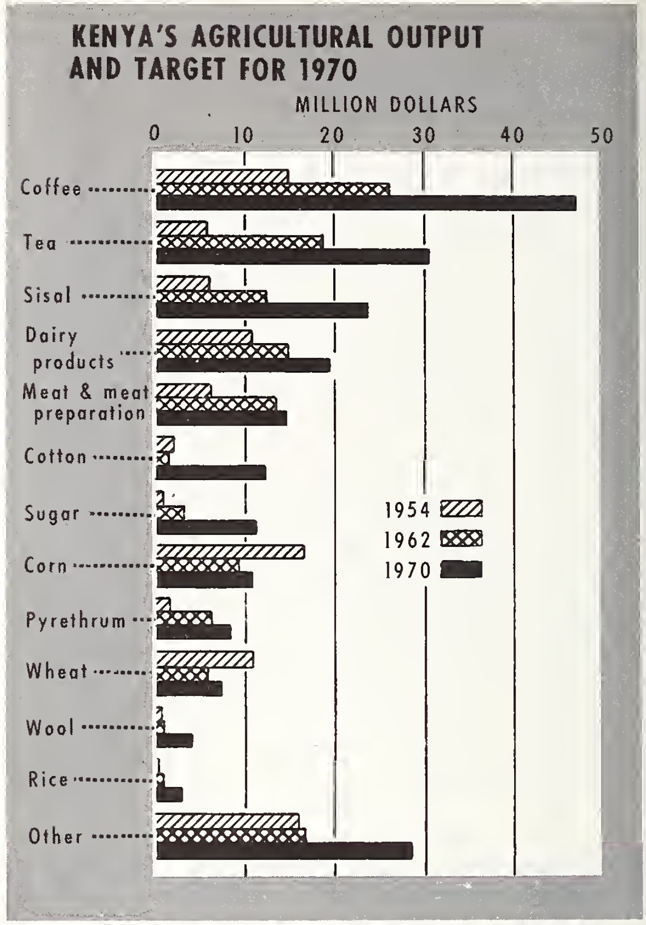
By CAREY B. SINGLETON, JR.
Foreign Regional Analysis Division
Economic Research Service

Kenya, the major manufacturing and business center of East Africa, recently embarked on a 6-year development plan calling for capital expenditures of nearly $888 million from 1964 to 1970. Of this, more than $351 million is expected to come from public sources, and the remainder from private investors, including overseas sources.

The plan is aimed at increasing Kenya's Gross Domestic Product (monetary and subsistence) by 5.2 percent a year over the 6-year period. At constant 1962 prices, this means moving up from $690.4 million GDP in 1962 to about $1 billion by 1970. At the same time, per capita GDP is expected to rise from $79 in 1962 to $90 by 1970.

A substantial amount of the projected increase is expected to come from the country's agriculture, which last year produced about 40 percent of the GDP and around 70 percent of the total value of Kenya's exports. It is not anticipated, however, that there will be much change in this ratio over the 6-year period.

Kenya's agricultural development plan is directed at raising the value of crop and livestock production to about $222 million by 1970, an increase of nearly 60 percent over 1962. Of the $76 million that the government plans to invest in agriculture, $22 million will be spent for irrigation, $34 million for agricultural credit and finance, $9 million for agricultural research and development projects, $6 million for livestock development, and $5 million for land reclamation.



Crop export targets

Kenya hopes through these investments to increase the output not only of the agricultural commodities that it now exports but to transform some subsistence crops into cash crops. (The chart on this page graphically shows the increases projected for selected crops.)

Coffee is the major cash earner for Kenya. Current production is approximately 38,000 tons, but existing plantings will produce an estimated exportable surplus of 70,000 tons by 1970. Continuing coffee research will be directed toward improvements in quality and reduction in production costs; also, Kenya plans to seek new markets in areas not covered by coffee-quota restrictions.

The 1970 export target for *sisal,* another leading crop, calls for an 88-percent increase over 1962 sales. Last year Kenya produced, mostly on large-scale plantations, approximately 65,000 metric tons of sisal, valued at $21 million and exported a large share of it. By 1970 an expansion of 20,000 tons is foreseen, since sisal can be grown in practically all of Kenya except the northeast area.

Tea exports by 1970 are slated for a 63-percent increase over 1962 sales. Last year they totaled 15,900 metric tons, valued at $17 million.

As with sisal, most of the tea crop is grown on large plantations; however, the Tea Development Authority plans to give high priority to the expansion of tea acreage by African farmers. At present, there are about 53,000 acres under tea cultivation, but the country possesses the potential of 600,000 acres suitable for tea growing. A substantial amount of the financing for the expansion of acreage and the building of additional processing facilities has been arranged with the World Bank, the Commonwealth Development Corporation, the United Kingdom, and West Germany.

Kenya is the world's largest producer of *pyrethrum,* the base of many insecticides. Production in 1963 totaled 2,100 metric tons, with a value of about $8.5 million. The Kenya Pyrethrum Board is following a policy of regulating production in accordance with world market demand; however, there is scope for expansion if a wider variety of uses can be found for pyrethrum. The export target for 1970 calls for a 36-percent increase over 1962 sales.

In recent years, Kenya's *cotton* crop has been worth about $1.4 million—a figure that could be substantially increased by improved techniques in cotton farming. A steady increase in yield from the present 200 pounds of seed cotton per acre to at least 600 to 700 pounds is needed to insure adequate returns to the producer. Cotton production in 1963 was 16,000 metric tons, with a value of $1 million; by 1970 it is expected that the year's crop will be worth $12.6 million.

Normally, Kenya's largest agricultural import is *sugar.* In 1963, the country's sugar requirements were estimated at approximately 100,000 tons, of which only 40,000 tons

(Continued on page 16)

U.S. Visit of Italian Officials Seen Big Factor In Easing of Italian Ban on U.S. Poultry Parts

The Italian Government agreed this month to permit imports of poultry parts from the United States for the first time, thus opening up the market for a complete line of U.S. poultry products.

"This liberalization of poultry trade with Italy is a direct result of cooperative market development programs of the U.S. Department of Agriculture and the U.S. poultry industry's International Trade Development Board," Secretary of Agriculture Orville L. Freeman said. "The decision to permit entry of U.S. poultry parts to the Italian market was made after Professor Aldo Ademollo, Director General, Veterinary Services, Italian Ministry of Health, and Professor Paolo Savi, Assistant Director General, visited U.S. poultry processing plants and production facilities earlier this year.

"The tour of U.S. poultry processing facilities permitted these high Italian health officials to observe firsthand that U.S. poultry parts are cut from wholesome birds of the same quality as those which they had been buying as whole carcasses. As a result, the Italian Ministry of Health issued instructions to its point-of-entry veterinary inspectors to permit imports of poultry parts from the United States. These include breasts, drumsticks, and thighs for direct consumption, and backs and wings for the production of poultry extracts.

"This is just one example of the continuing effort to expand export markets for U.S. poultry products on a mutually beneficial basis," Secretary Freeman said. "The decision of the Italian officials will benefit consumers in that country by expanding the availability of wholesome poultry at reasonable prices, and help U.S. producer-processors by widening their market."

The ITDB will now be able to broaden its market development program for poultry in Italy, which heretofore has concentrated largely on promoting turkey, and to a lesser degree, other poultry. In the first 10 months of this year, Italy bought some 2.3 million pounds of U.S. turkey—compared with purchases of 1.8 million for all of last year—and continues to be this country's third biggest market for turkey in Europe.

Total U.S. poultry meat exports in 1964 are estimated at 220 million pounds, 51 million pounds below the 1962 record, but up more than 10 million pounds from last year. Year-end estimates show that West Germany was the largest buyer, taking 95 million pounds. Estimates for other important export markets in 1964 include the Netherlands, 15 million pounds; Canada, 13 million; Hong Kong, 15 million; Japan, 15 million; and Switzerland, 8.5 million.

Holiday Poultry Promotion in Germany, Austria

The U.S. poultry industry is holding its most concentrated holiday promotions in West Germany and Austria where competition from European suppliers has never been keener.

Getting chief emphasis are frozen turkeys and poultry parts, which only the United States is in a position to supply in quantities needed. A recent reduction of the levy on non-EEC poultry parts also makes promotion of this product advantageous in West Germany.

Focal point of the holiday campaigns is advertising, concentrated and repetitive.

Ads aimed at the consumer are being carried at frequent intervals in 48 German and Austrian daily newspapers with a combined circulation of 12 million, and in over 30 gastronomic and hotel-restaurant journals.

Around 500 recipe kits, suggesting new ways to prepare poultry and egg dishes as well, have gone out to food editors of newspapers, women's journals, consumer and trade publications. In addition, a prominent women's magazine is featuring in its December issue a 6-page story in full color on favorite American recipes for poultry.

Dealers and distributors of poultry have been encouraged to feature American poultry products for the holidays through repeat advertisements in trade journals, orientation conferences, and news releases.

Last month after dealers in the two countries were alerted to campaign preparations and were invited to participate, one of West Germany's largest food chains with stores in 250 cities said it would promote U.S. turkeys in its holiday advertising and in-store displays, and anticipated sales of 130,000 pounds.

The U.S. poultry industry's International Trade Development Board considers the holiday season, when poultry buying hits its yearly peak, to be the most opportune time to sell consumers on the idea that economical poultry dishes are ideal round-the-year fare.

Strong promotion in 1965 will be of paramount importance, as there is a possibility that U.S. poultry sales to West Germany, our No. 1 market, may continue to fall off as they have for the past 2 years under the EEC's levy system on non-EEC whole birds. This past November 19 the levy on whole birds was raised still higher.

Austria, while not a major importer, could also take less from this country in 1965 because of severe price competition from the Dutch, Danes, Belgians, and French—all of whom subsidize their poultry exports.

Japanese Accept Danish Bid

Some 10 Japanese poultry importers have reportedly accepted an invitation to visit Denmark in March to tour Danish poultry producing areas and processing firms, according to Joseph C. Dodson, U.S. Agricultural Attaché at Tokyo. Among them are major importers of U.S. poultry.

The tour is part of a stepped-up effort by the Danes to gain a greater share in the growing Japanese market. About 41 metric tons of Danish birds have gone to Japan this year. Importers are reportedly pleased with the small size of Danish broilers.

Export Quotas for ELS Cotton Change Emphasis

Monthly quotas to begin January 1 for the sale under export programs of U.S. supplies of domestic and stockpiled foreign-grown extra long staple cotton will put primary emphasis on the sale of domestic ELS. The total number of bales which can be sold under both programs, however, has not changed.

From the first of the year through July, the quota for domestic ELS sales will be 18,000 bales each month, rather than the 5,000 bales permitted under the U.S. sales-for-export program initiated August 1964.

During the same period, the quota for stockpiled foreign-grown ELS will be 2,000 bales a month, rather than the previous 15,000 bales. Any portion of the quota for either domestic or stockpile ELS remaining unsold at month's end cannot be carried over into the quota for succeeding months.

According to officials of the U.S. Department of Agriculture, sales will continue to be made in such a manner as to avoid disruption of world markets. Prices will be approximately the same as world market prices of similar qualities of foreign cotton.

U.S. sales of ELS will help to meet strong worldwide demand for this type of cotton which other suppliers cannot now meet.

Egypt has discontinued export sales of most qualities of the crop now being harvested—estimated at about one million bales—because supplies available for export have already been committed. A large part of the approximately 550,000-bale crop Sudan will harvest in the January-March period may well be sold, as it has in recent years, to the USSR, China, and East European countries; Peru's expected 125,000-bale crop of ELS will not be available until July.

At the present time, the United States is the only country with significant supplies of ELS available for immediate export. There are about 133,000 bales in the Commodity Credit Corporation inventory of domestically produced ELS available under the new sales-for-export program and 60,000 bales of foreign-grown ELS formerly in the U.S. stockpile.

About 5,426 bales of domestic ELS have been sold since sales started under the domestic program September 23, 1964, and 118,326 bales (U.S.-size) of foreign-grown ELS since the export program for this stockpile ELS began June 1963.

Injection of some of these surplus U.S. stocks into the world cotton market's bloodstream would help relieve the anxiety of U.S. and world ELS producers that markets will be permanently lost to manmade fibers and other types of cotton if more extra long staple is not made available immediately to foreign buyers.

First Patent for Foreign Research Under P.L. 480

New antioxidants for oat products have just received the first patent to be granted for foreign research supported by P.L. 480 funds. Assigned to the U.S. Department of Agriculture for free licensing in the United States, the new patent has a large potential use in this country, where nearly a billion bushels of oats a year are used for breakfast foods and processed feeds for animals.

This patent was granted for entirely new antioxidants patterned on natural preservatives isolated from oats. The antioxidants may be useful for preventing rancidity in precooked oatmeal and other oat products processed with heat, and for preventing or slowing down this kind of spoilage in other foods.

The hitherto unknown antioxidants were developed by scientists at the Research Association of British Flour Millers, St. Albans, England, under a grant by USDA's Agricultural Research Service.

The grant was awarded as part of USDA's foreign research program started in 1958. Under this program foreign currencies from the sale of surplus agricultural commodities abroad—which cannot be converted into dollars for use in the United States—are used to pay for research beneficial to U.S. agriculture.

Persons or firms interested in manufacturing the antioxidants should address inquiries to the Research Agreements and Patents Management Branch, Agricultural Research Service, USDA, Federal Center Building, Hyattsville, Maryland.

U.S. Brown Swiss Sales Reach Record High in South America

Shipments of U.S. Brown Swiss cattle now moving out to Colombia and Peru are pushing U.S. exports of this dairy breed to the South American Continent to an alltime high.

Peru's recent purchase of some 305 head of U.S. Brown Swiss is the country's highest since 1960; Colombia's imports of 160 head were the largest on record. Combined with the 858 head already bought by Venezuela—normally the continent's biggest importer—and other smaller exports, total sales of Brown Swiss to South America in 1964 should easily attain a record 1,380 head.

Cattle selections were made personally by representatives of the Peruvian Government's San Lorenzo Irrigation Cooperative and members of Colombia's Brown Swiss Cattle Breeders Association. The U.S. Brown Swiss Association worked closely with both groups in arranging itineraries and other details of the sale.

Market development has been carried on in South America since 1958 by America's Brown Swiss Association and FAS. The U.S. cattle group has sent demonstration herds to Peru, Brazil, Chile, and Ecuador to prove the value and adaptability of the U.S. breed to different climates. It also sponsors U.S. judges and classifiers to South American livestock shows as a regular part of its market servicing.

90-Day Letter of Credit Used Often in Thailand

Thai businessmen are increasingly using the "confirmed Irrevocable Letter of Credit 90 Days at Sight," according to U.S. Agricultural Attaché S. H. Work at Bangkok.

"If U.S. exporters are willing to accept this method of payment," he says, "it might very well contribute to a larger flow of U.S. exports."

Such a letter of credit permits Thai importers more time to meet the payment, and even more important, saves the cost of interest charged by the bank at country of origin, as well as at country of destination.

In 1963, about $11.9 million of U.S. agricultural commodities were exported to Thailand, most of them tobacco and cotton.

Egypt Forecasts Larger 1964-65 Cotton Crop

The second official estimate of Egypt's 1964-65 cotton crop, now nearly harvested, is 2,271,000 bales (480 lb. net). This is an increase of 5 percent over the first official estimate of 2,166,000 bales and is 12 percent above the final 1963-64 production estimate of 2,029,000 bales.

Output of extra long staple cotton (over 1⅜ inches), estimated at 1,022,000 bales, is 4 percent above the first official estimate of 983,000 and 8 percent larger than the final 1963-64 figure of 946,000.

EGYPT COTTON PRODUCTION BY STAPLE LENGTH AND VARIETY

	1963-64	1964-65	Percent change
	1,000 bales [1]	*1,000 bales* [1]	*Percent*
Extra long stple, over 1⅜":			
Menoufi, Giza 45, and Giza 68	946	1,022	+8
Medium long staple, 1 9/32" to 1⅜":			
Giza 47, Dendera, and Giza 67	464	572	+23
Medium staple, 1¼" and under:			
Ashmouni and Giza 66	587	648	+10
Subtotal	1,997	2,242	+12
Scarto (unclassified cotton)	32	29	−9
Total	2,029	2,271	+12

[1] Bales of 480 lb. net.

Government of Egypt.

Canadian Cotton Consumption Continues Strong

Canadian cotton consumption, indicated by the number of bales opened by mills, was 40,400 bales (480 lb. net) in October, compared with 40,393 in September and 41,004 in October 1963. Consumption during the first 3 months (August-October) of the current season amounted to 117,000 bales. This is 4 percent above the 112,000 bales opened in the same period of 1963-64 and 21 percent above average consumption of 97,000 bales in the first 3 months of the past five seasons.

Thailand Attains Record Rice Exports

Thailand's rice exports from January through November 19, 1964, totaled 1,654,000 metric tons, milled basis. This volume already exceeds the previous record of 1,588,000 tons in 1961.

Exports are expected to reach the goal of 1.8 million tons in 1964, since shipments were expected to continue at a high level from mid-November through December. Average exports from 1959 through 1963 ranged between 1.1 million tons and 1.6 million, with an annual average of 1.3 million.

This places Thailand in No. 1 position as a world rice exporter. In most years, Burma's rice exports have exceeded those of Thailand, but its yearly sales appear to be diminishing moderately, rather than increasing. From 1959 through 1963 Burma exported between 1,591,000 and 1,749,000 tons, with an average of 1,686,000 tons, milled basis.

Thailand's closing stocks on December 31, 1964, are expected to be about 450,000 tons of milled rice. As the result of another good crop being harvested in 1964-65, the surplus for export in 1965 should again approach the high export level of 1964.

An official estimate of the 1964-65 crop (harvested mainly December-February) is not yet available. The rounded unofficial estimate for 1964-65, at 10 million tons, is nearly as large as the record crop of 10,168,000 tons in 1963-64 and is 2.2 million tons or 25 percent more than average production during the preceding 5 years, 1958-59/1962-63.

THAILAND'S RICE EXPORTS JANUARY-OCTOBER 1964

Country of destination	White rice	Brokens	Loonzein (brown rice)	Other [1]	Total
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Europe:					
EEC:					
Belgium-Luxem.	1.4	4.2	0	6.4	12.0
France	.2	2.7	([2])	0	2.9
West Germany	.8	3.7	4.2	.5	9.2
Netherlands	23.6	4.0	1.9	1.7	31.2
Total EEC	26.0	14.6	6.1	8.6	55.3
United Kingdom	4.3	13.3	.3	7.0	24.9
Other countries	1.0	.3	0	.1	1.4
Total	31.3	28.2	6.4	15.7	81.6
Asia:					
Near East:					
Iraq	11.1	0	0	.1	11.2
Aden	.2	0	.3	34.6	35.1
Persian Gulf	3.4	.8	0	2.6	6.8
Saudi Arabia	1.3	.1	0	[3]54.2	55.6
Other countries[4]	1.4	0	1.5	0	2.9
Total Near East	17.4	.9	1.8	91.5	111.6
Brunei	6.6	.1	.1	.3	7.1
Ceylon	29.3	0	0	0	29.3
Hong Kong	100.7	54.0	3.0	10.5	168.2
India	.7	0	0	[5]8.8	9.5
Indonesia	421.9	1.0	0	.1	423.0
Japan	14.9	83.2	([2])	16.4	114.5
Malaysia:					
North Borneo	17.2	6.2	([2])	1.0	24.4
Malaya	78.2	53.4	1.9	[6]53.1	186.6
Sarawak	3 4	11.9	.2	1.7	17.2
Singapore	106.4	29.4	16.9	14.9	167.6
Total	205.2	100.9	19.0	70.7	395.8
Philippine Rep.	115.8	0	0	0	115.8
Other countries	20.0	3.4	0	2.1	25.5
Total Asia	932.5	243.5	23.9	200.4	1,400.3
Africa:					
East Africa	2.8	.5	.2	25.9	29.4
Mauritius	1.0	0	2.1	18.8	19.8
South Africa	.6	0	.1	1.4	2.1
West Africa	.1	37.9	([2])	.3	38.3
Total	4.5	38.4	.3	46.4	89.6
Oceania	9.7	([2])	3.1	([2])	12.8
World total	978.0	310.1	33.7	262.5	1,584.3

[1] Comprises 200,200 tons of boiled rice, 37,100 of glutinous, and 25,200 of glutinous broken rice. [2] Less than 50 tons. [3] Includes 54,141 tons of boiled rice. [4] Israel and Lebanon. [5] Includes 8,778 of boiled rice. [6] Includes 40,084 tons of boiled rice.

Compiled from trade source.

Ivory Coast, Ghana Open Cocoa-Processing Plants

Trial runs have been made at the Ivory Coast's first cocoa-processing factory, and production is expected to begin shortly. The new factory will have an annual capacity of 10,000 metric tons and will produce cocoa

butter and cocoa cake for export. Most of the cocoa beans utilized by the factory will be poorer grades.

Ghana recently opened a new 18,000-ton capacity processing factory at Takoradi. The country has a 25,000-ton capacity plant at Takoradi, and a larger one is under construction at Tema.

Other major African producers that have built processing factories are Cameroon, which has been producing cocoa products for several years, and Nigeria, which is completing construction of its first plant.

Cocoa Alliance Beginning To Destroy Stocks

In an attempt to tighten supplies and strengthen cocoa bean prices, the Cocoa Producers Alliance has begun to burn stocks, on December 11 destroying 500 tons of beans in Ghana.

Plans are ultimately to destroy 2 percent—21,320 tons—of the organization's basic quota of 1,066,000 metric tons. Allotments for the individual members are Ghana 8,780 tons, Nigeria 4,400, Brazil 3,980, the Ivory Coast 2,060, Cameroon 1,800, and Togo 300.

This move was deemed necessary because of a record world harvest of cocoa beans this season, coupled with sizable carryover stocks in importing countries. The Alliance has been withholding sales of cocoa since mid-October, when prices continued to remain below the "indicator" price level of 23.75 cents per pound. It is still too early to fully appraise the effectiveness of the Alliance's plan to strengthen cocoa prices.

Greece Sets Olive Oil Collection Prices

The Greek Ministerial Economic Council announced on December 8, 1964 unlimited collection of the 1964-65 olive oil outturn.

The price set for 5-percent acidity oil is 19.0 drachmas per kilogram (28.7 U.S. cents per lb.) compared with 18.5 drachmas (27.9 U.S. cents per lb.) in 1963-64. By comparison the price set for 1964-65 oil of 1 percent acidity is 22.0 drachmas per kilogram (33.2 U.S. cents per lb.) against 21.0 drachmas (31.7 U.S. cents per lb.) in 1963-64. The proportionately higher price of lower acidity oil is intended to result in some improvement of the quality of the oil produced.

The Council also announced that olive producers would receive a 50-percent subsidy on expenditures incurred for spraying equipment and pesticides used to control olive tree pests. Olive producers will also be eligible to receive financial support for the purchase of plastic nets for olive collection. Additional financial support will be available for research in mechanical picking and establishment of new crushing plants, and the improvement of existing plants.

Exports of olive oil in branded containers of up to 17 kilograms (37.5 lb.) each are being encouraged by the government. To further the expansion of olive oil exports, it was decided to start an advertising campaign for Greek olive oil in foreign markets.

Philippine Copra and Coconut Oil Exports

Registered shipments of copra and coconut oil from the Philippine Republic during the first 11 months of this year totaled 681,460 long tons (oil basis), a decrease of 7 percent from the 731,658 tons in the same period of 1963. Copra exports were down 12 percent, while coconut oil exports were up 7 percent.

Exports of copra and coconut oil (oil basis) in November were 1,435 tons less than in October and 11,012 less than in November 1963. Actual exports of copra decreased in November to 84,858 tons from 92,151 in October and 100,610 in November 1963. Coconut oil exports in November totaled 22,151 tons, against 18,918 in October, and 23,082 in November 1963.

PHILIPPINE EXPORTS OF COPRA AND COCONUT OIL

Destination	1963 [1]	January-November	
		1963 [1]	1964 [1]
Copra:	*Long tons*	*Long tons*	*Long tons*
United States	245,293	225,093	208,430
Europe	623,693	564,533	485,888
South America	16,970	15,920	26,800
Japan	38,977	36,477	24,380
Other Asia	500	500	500
Middle East	3,250	3,250	140
Total	928,693	845,773	746,138
Coconut oil:			
United States	183,648	165,074	166,018
Europe	28,489	25,289	36,330
South Africa, Rep. of	---	---	1,584
Total	212.137	190,363	203,932

[1] Preliminary.

Compiled from official and other sources.

Argentine Flaxseed Production Off

The first estimate by the Argentine Government of the 1964-65 flaxseed crop is 26,770,000 bushels. This is down 9 percent from the comparable estimate of last year's production and 12 percent from the final estimate for 1963-64 of 30,352,618 bushels.

Seeded area, at 3,113,460 acres (second estimate), was down 11 percent from a year earlier, largely because of lack of rain in important producing zones. The crop got off to a rather poor start but reportedly made some recovery in response to good rains recently.

Ecuador's Castorbean Production Down

On the basis of export data, 1964 castorbean production in Ecuador is estimated at 20,000 metric tons, compared with an estimated 23,000 in 1963.

Although it advocates expanding production of edible oilseed, the government also recognizes the importance of castorbean exports to its balance of payments position. Thus, in seeking to offset further declines in castor production, the Ministry of Agriculture and Livestock has added castorbeans to the oilseed development program.

Ecuador exported 12,804 tons of castorbeans during January-October 1964, compared with 14,934 in the first 10 months last year and 20,335 in all of calendar 1963. The major markets were West Germany, the Netherlands, Belgium, and France. Castorbean exports to the United States declined from 5,398 tons in 1962 to 1,641 in 1963 and to none in 1964.

The two factories that were planning to crush castorbeans and to export castor oil are not yet in production.

New Zealand's Trade in Dairy Products

New Zealand exported more butter and nonfat dry milk but less cheese and dry whole milk in the 1963-64 market-

ing year than in the 1962-63 marketing year.

Exports of butter increased 44 million pounds to 404 million pounds. The United Kingdom took 381 million pounds, compared with 336 million last year. Several smaller, but important markets, purchased larger quantities; among these were West Germany, Hong Kong, Malaysia, and the Philippine Republic. There was a sharp reduction in trade with Peru, Jamaica, Trinidad, and Panama.

Nonfat dry milk exports rose more than 23 percent to 121 million pounds, of which 65 million went to the United Kingdom. The Philippine Republic upped its purchases by 8 million pounds to 18 million. Other markets taking larger quantities were India and Japan. Malaysia, Pakistan, Peru, Jamaica, and Trinidad were among those taking less.

Exports of cheese were down 3 percent to 196 million pounds. Shipments to the United Kingdom were 169 million pounds, or 86 percent of total shipments, but were 9 million pounds less than in 1962-63. The United States took 9 million pounds in both years. There was little change in trade with other traditional markets, such as Jamaica, Trinidad, West Germany, and Japan.

Shipments of dry whole milk, at 12 million pounds, were 1 million pounds less than a year ago. The United Kingdom was an outlet for 7 million pounds in both years.

Livestock Product Exports Continue Heavy

U.S. exports of most animal products in the first 10 months of 1964 were ahead of those in the previous year. Exports of animal fats continued at record levels and are likely to exceed 3.0 billion pounds for the year as a whole. Lard exports have remained strong, those to the huge U.K. market reaching record levels. P.L. 480 sales to Brazil over the last 2 months have also helped swell the total. Exports of tallow have increased in practically every area of the world in 1964. Western Europe and Japan continue to be the leading markets, but notable gains have been also made in sales to Africa, Asia, and South America, where Argentina has become the largest market in 1964.

Although exports of red meat were down in October, the total for the first 10 months of 1964 was up 20 percent. Beef exports in January-October were well above those in the previous year; pork shipments were up slightly. Exports of variety meats were heavy during October and for the year as a whole.

Exports of cattle hides through October were at record levels. Demand in Western Europe continued strong, while supplies from Argentina have been curtailed. Live cattle exports for the first 10 months were nearly three times as large as last year. Canada was the major destination in October, and Italy was also a major buyer, taking more than 1,500 head during the month.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
(Product weight basis)

Commodity	October		January-October	
	1963	1964	1963	1964
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	47,581	54,872	469,713	575,841
Inedible tallow and greases [1]	157,545	185,195	1,562,252	2,071,993
Edible tallow & greases [2]	765	681	9,124	11,036
Red meat:				
Beef and veal	3,173	3,669	22,010	35,617
Pork	14,777	5,843	106,810	117,515
Lamb & mutton	94	65	753	1,004
Sausages:				
Except canned	142	256	1,394	3,037
Canned	89	130	755	808
Baby food, canned	30	73	563	594
Other canned meats	224	269	1,267	1,718
Total red meats	18,529	10,305	133,552	160,293
Variety meats	11,449	22,268	125,664	186,961
Sausage casings:				
Hog	1,402	599	12,548	8,045
Other natural	536	507	5,714	3,865
Mohair	1,729	118	12,485	2,234
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	919	1,004	6,468	9,381
Calf	168	148	1,256	1,739
Kip	22	25	193	221
Sheep & lamb	235	216	2,292	2,562
	Number	*Number*	*Number*	*Number*
Live cattle	1,882	4,090	19,210	54,802

[1] Includes inedible tallow, greases, fats, oils, oleic acid or red oils, and stearic acid. [2] Includes edible tallow, oleo oil and stearin, oleo stock and shortenings, animal fat, excluding lard.

Australian Meat Shipments to the United States

Six ships left Australia during the second week of November with 17,442,880 pounds of beef and 1,610,560 pounds of mutton for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Western ports			*Pounds*
Cap Vilano Nov. 9	Tacoma	Nov. 26	Beef	313,600
			Mutton	11,200
	Los Angeles	Dec. 4	Beef	676,480
			Mutton	67,200
	San Francisco	8	Beef	1,012,480
Mariposa Nov. 11	San Francisco	Nov. 26	Beef	82,880
	Los Angeles	30	Beef	185,920
	Gulf and Eastern ports			
Lake Eyre Nov. 10	New Orleans	Dec. 2	Beef	477,120
	Tampa	6	Beef	1,099,840
			Mutton	179,200
	Charleston	9	Beef	114,240
			Mutton	33,600
	Norfolk	([2])	Beef	22,400
	Philadelphia	Dec. 11	Beef	546,560
			Mutton	33,600
	New York	13	Beef	1,243,200
			Mutton	201,600
	Boston	16	Beef	465,920
			Mutton	134,400
Cape Verde Nov. 11	Houston	9	Beef	288,960
			Mutton	156,800
	Charleston	14	Beef	584,640
			Mutton	33,600
	Norfolk	21	Beef	291,200
	Philadelphia	23	Beef	324,800
	New York	25	Beef	400,960
			Mutton	26,880
	Boston	28	Beef	188,160
Northumberland Nov. 13	Charleston	17	Beef	277,760
			Mutton	145,600
	Norfolk	20	Beef	228,480
			Mutton	33,600
	Boston	23	Beef	392,000
	New York	28	Beef	1,283,520
			Mutton	224,000
	Philadelphia	31	Beef	147,840
			Mutton	129,920
Rockhampton Star Nov. 14	Savannah	7	Beef	228,480
			Mutton	22,400
	Norfolk	9	Beef	1,075,200
	Charleston	([2])	Beef	100,800
	Philadelphia	Dec. 10	Beef	1,498,560
			Mutton	109,760
	New York	12	Beef	3,214,400
	Boston	16	Beef	676,480
			Mutton	67,200

[1] Cities listed indicate location of purchaser and usually port of arrival and distribution area, but meat may be diverted to other areas for sale. [2] To be transshipped.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

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The Foreign Market for Oilseeds and Products

(Continued from page 6)

Consumer promotion and education programs for using liquid vegetable oil in cooking and in other ways have developed an entirely new market for U.S. vegetable oils. Liquid soybean oil has been marketed for the first time as such in many countries including Turkey, Iran, Pakistan, Germany, Spain, and the United Kingdom. In Spain, the U.S. industry is working with the vegetable oil packers to develop permanent markets for quality soybean oil packaged in bottles.

Japan, the largest market abroad for our soybeans but one where per capita consumption of vegetable oil is low, will receive marketing and consumer promotion activities to help increase consumption, particularly of soybean oil produced from imported U.S. beans.

Soybeans and soybean meal will be promoted in Western Europe and Japan through increased services to processors and importers abroad to assure that high U.S. quality standards are maintained, and that there is a continuous supply of quality products. The nutritional benefits of using U.S. quality "toasted" meal in livestock feeding will be stressed. This work will be continued with soybean processors and feed mixers to show the value of modern high-protein feed rations containing the amounts of soybean meal that have proved to give the best results.

Kenya's New Economic Plan Allots $76 Million to Agriculture

(Continued from page 10)

were produced domestically. By 1970 the demand for sugar is expected to be around 171,000 tons, with domestic production close to 170,000 tons. At present there are two sugar factories operating in Kenya, with a production capacity of 68,000 tons, and two more are planned with a capacity of 90,000 tons.

Significant value increases are also scheduled for other crops: Rice, 258 percent; wheat, 27 percent; dairy products, 31 percent; wool, 300 percent; calves and calves for slaughter, 8 percent.

Probably one of the most influential measures in the plan is the proposed reorganization of the farmer cooperatives, to improve their viability and give them a feasible base from which to increase their contributions to the economy. Until they become self-supporting the cooperatives are to be supported by the government.

Another forward step is the establishment of a production and marketing section in the Ministry of Agriculture. Also, additional funds have been raised for the Land and Agricultural Finance Corporation which has been established to provide loans and help new agricultural ventures.

WORLD CROPS AND MARKETS INDEX

Cotton

Dairy and Poultry Products

Fats, Oilseeds, and Oils

Grain and Feed

Livestock and Meat Products

Sugar, Fibers, and Tropical Products